

well as the need for a validation system (like LIDB), in the first instance.<sup>120</sup> Citing to a six-year-old remark by Judge Greene,<sup>121</sup> TFS would have this Commission believe that a telecommunications customer on the move has little or no alternative calling possibility, other than (or in addition to) a LEC calling card. Both the market conditions that TFS suggests, as well as the control that TFS denies, are significantly overstated.

While LECs' calling cards might have had some kind of "universality" at the time of divestiture, and for some time after that, such is no longer the case. IXCs not only currently offer their own calling cards, but they promote them mightily. Those calling cards (like those of the LECs') are often based on the telephone numbers of the party to whom the card is issued, i.e., the "account numbers supplied by the LECs."<sup>122</sup> In

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<sup>120</sup>See TFS at 11.

<sup>121</sup>See id. (citing to U.S. v. Western Elec. Co., Inc., 698 F. Supp. 348, 350 (D.D.C. 1988)).

<sup>122</sup>TFS' filing suggests that no other carriers issue cards based on a customer's telephone number. This is clearly erroneous, as a number of different carriers issue calling cards, utilizing the customer's "account number" but with a Personal Identification Number ("PIN") different from that assigned by the LEC. Furthermore, in the absence of "honoring" agreements between the IXC and the LEC, such calling cards cannot be used to bill jurisdictionally-allocated traffic, nor are the carriers' "proprietary cards" validated in LIDB -- despite the fact that the foundational number, i.e., the telephone number, is the same for the LEC and the IXC.

In addition to these "account number" based calling cards, however, there are "credit cards" available to be used as calling devices, which adds both to the availability of calling "card"  
(continued...)

addition, IXCs themselves sometimes promote LEC calling cards, in an effort to make their customers' calling practices "away from home/office" easier and more convenient.

But no IXC is at the mercy of a LEC calling card. Not only do IXCs issue their own cards (to which both competitive and branding phenomena have borne witness), but they can control if, when and how they accept LEC calling cards. For example, certain IXCs will not permit LEC calling cards to be used on their network for ubiquitous international calling.<sup>123</sup> Nothing is stopping other IXCs from following suit. It is all a matter of market desires.

As the IXC market continues to grow, both competitively and in terms of customer loyalty, customers concerned with matters of fraud will naturally be attracted to those IXCs that aid those customers in managing those concerns. In turn, IXCs who continue to consider LEC calling cards badly managed (from the perspective of either their issuance or their "validation" in LIDB), will develop (and encourage their customers to use) alternative billing mechanisms other than LEC calling cards. Clearly, LECs have an economic interest in not driving business away and will

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<sup>122</sup>(...continued)  
devices, as well as to non-LIDB validated alternative billing mechanisms.

<sup>123</sup>Such carriers, for example, will allow LEC calling cards to be used only as alternative billing devices to a limited number of international destinations. If the calling party wants to call a destination other than a permissible one, some other kind of billing device must be used.

take the appropriate responses to see that their calling cards remain viable mechanisms to support alternative customer billing.

B. LECs' LIDBs Are Not Fraud Insurance Services, But Aids in Fraud Prevention/Detection

U S WEST currently operates LIDB to the best of our ability, given the information we are provided.<sup>124</sup> Our LIDB has certain incremental calling card thresholds which, when exceeded, generate warning messages.<sup>125</sup> Based on individual calling activity that appears suspicious, these thresholds can be changed. Additionally, the LIDB has an automatic deactivation feature which will disable a card immediately if the pre-set thresholds are exceeded.

As we stated in our opening comments, not all IXC/OSPs use or query our LIDB when processing calling-card, third-number or collect calls.<sup>126</sup> The result of this "non use" is twofold: First, a call being processed by a non-querying IXC/OSP has no validation information associated with it at all, thus putting the IXC/OSP (as well as the affected customer) at some risk with regard to later billing and collection. Second, the informational value associated with the "non-query" never makes it into the LIDB system to be utilized by U S WEST in aiding

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<sup>124</sup>Thus, the "inaccuracy of data" (see MCI at 13) could well have nothing to do with LEC action or inaction.

<sup>125</sup>Compare USIN at 4 & n.3.

<sup>126</sup>See U S WEST at 19-20, 22-23. The processing of BNS calls is done through LIDB; OLS is accomplished by subscription to a different service. Id.

other querying IXCs/OSPs with regard to their future call processing.<sup>127</sup> Certainly, U S WEST has no control over either consequence, both of which affect the ultimate "integrity" of LIDB when LIDB is attempted to be used as a "fraud prevention" service.<sup>128</sup>

It is clear that U S WEST's LIDB is not a guarantee or insurance policy against fraud. U S WEST -- like other carriers similarly situated -- has employees that occasionally make mistakes, has a network that sometimes does not operate at Argon speed and that sometimes goes down. Currently, the price for a LIDB query does not incorporate insurance against any of these predictable and foreseeable circumstances. If we are, in fact, expected to "insure" LIDB, the query price will most assuredly increase.

To the extent that the Commission requires greater LEC liability for accomplished fraud or errors in LIDB responses (errors which would be difficult to substantiate without substantial factual investigation, as the "validation" response can change a number of times a second), the cost (and concomitant price) of a LIDB query will, undoubtedly, increase to reflect

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<sup>127</sup>Compare AT&T at 33.

<sup>128</sup>For example, a call MCI might claim was "fraudulent" (see MCI at 14) might not appear to U S WEST, at the particular point in time that MCI made the query, to be fraudulent (although it may, in retrospect, look to have been).

such an "insurance premium."<sup>129</sup> Such an approach would appear counterproductive to encouraging IXCs/OSPs to query LIDB in aid of their own business decisions regarding whether to allow such alternative billing.

C. Impending LIDB Enhancements Are Responsive to Market Needs - These Enhancements Improve Both the Administrative Integrity of LIDB, as Well as Its Qualitative Fraud-Prevention Capabilities

While LIDB is not now, nor should it be mandated to be, a fail-safe fraud prevention offering,<sup>130</sup> U S WEST is encouraged by some of the enhancements that we anticipate putting into our system this year. Like other LECs,<sup>131</sup> we will be improving the LIDB both with an administrative system upgrade, as well as a fraud prevention enhancement that will use associated LIDB validation data.<sup>132</sup> U S WEST's enhanced system will allow for

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<sup>129</sup>Below, U S WEST suggests an alternative to increased LEC LIDB liability, a suggestion we believe (based on our past experience) has considerable promise to improve IXC/LEC fraud prevention/detection cooperation.

<sup>130</sup>See Sprint at 14 & n.12. While U S WEST works diligently to assure the highest performance integrity for LIDB, we do not assume the level of responsibility apparently assumed by some LECs. See BellSouth at 12-13 (it claims a responsibility "to provide a validation service which is essentially error free.").

<sup>131</sup>See, e.g., Ameritech at 6-7; BellSouth at 11-12; Pacific at 4, 16-17; SBC at 1, 11; SNET at 5.

<sup>132</sup>The former Bell Operating Companies ("BOC") have generally chosen administrative and system upgrades from two different suppliers. While the suppliers differ (and, thus, there may be certain idiosyncracies about the systems as a result of different features/functionalities), they will work together in a fashion similar to the way they do today. Thus, LECs are improving existing fraud control features in LIDB and are developing new  
(continued...)

customer (i.e., carrier) specific screening and calling thresholds. This update will also allow for threshold monitoring on BNS and collect calls, which is not currently available.<sup>133</sup>

Many of these additional fraud prevention capabilities will be dependent on our receipt of both calling and called numbers from the carriers. The commenting carriers overwhelming recognize the importance of providing the LECs with both calling and called numbers as a means to increase the fraud prevention effectiveness of LIDB.<sup>134</sup> As indicated by some LECs, this information allows for the deployment of "domestic calling cards," cards that should go a long way in alleviating international fraud in those circumstances where a customer has no need to do such calling.<sup>135</sup> The information, however, is also beneficial in checking for suspicious calling patterns,

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<sup>132</sup>(...continued)  
ones, just as the certain commentators hope. See Cleartel/  
NorthWest at 5; TFS at ii, 13.

<sup>133</sup>Currently, LIDB can only "advise" a querying carrier whether a calling party has requested BNS on its line. The upgrade will be able to track a specified number of queries with regard to the BNS feature on a customer's line.

<sup>134</sup>See, e.g., Ameritech at 6; Bell Atlantic at 8, n.6; BellSouth at iii, 12; GTE at 18 & n.23, 19-21; NYNEX at ii, 25; NTCA at 3; Pacific at 16-18; PaPUC at 12; SBC at 11; SNET at 7-8; USIN at iii, 2, 5-6; USTA at 5. But see TFS at 15 (alleging that all that is necessary is NPA + NXX).

<sup>135</sup>See, e.g., Ameritech at 5; Bell Atlantic at 8-9; BellSouth at 12; GTE at 16 & n.20; SBC at i, 1, 8; USIN at 5. In certain ways, a domestic calling card can be compared to the disabling of a Direct Inward Service Access ("DISA") feature on a PBX. Unless the customer indicates a need for such a capability (e.g., the need for international calling or for a DISA feature), such capability is not "activated" in advance.

e.g., multiple origination points, originating and terminating location combinations, that have resulted in substantial uncollectibles for IXCs/OSPs.

While the carriers all appreciate the value of calling and called numbers as aids to LIDB fraud prevention, the IXCs want to condition the provision of such information on receiving "something back," where that "something" might be compensation, or indemnification<sup>136</sup> or assumption of liability where LIDB returns an improper validation<sup>137</sup> (the equivalent of indemnification). U S WEST is not agreeable to providing either form of quid pro quo.

U S WEST does not have a current business intention to demand or require that IXCs/OSPs provide us with calling- or called-number information.<sup>138</sup> The choice will be up to the carrier, who is free to do whatever the it deems to be in its own best interest.<sup>139</sup> Providing the calling number aids us in

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<sup>136</sup>See AT&T at 33-34.

<sup>137</sup>See, e.g., MCI at 14; Sprint at 19; TFS at 15 & n.8.

<sup>138</sup>As was represented by GTE at 16 n.20, the current ANSI standard provides that the calling and called numbers are optional parameters in the LIDB query. The carriers that query our LIDB are all over the map in terms of what they provide, ranging from nothing to both. A resolution has been made to make the provisioning mandatory. Id.

<sup>139</sup>In this regard, it should be pointed out that calling/called number information however secured ends up actually aiding all LIDB querying entities. Thus, even if only one carrier provides the information, the implications that can be drawn from the provided information result in a benefit (e.g., the identification of a suspicious calling pattern) to all carriers. Thus, it could be argued that the decision to provide

(continued...)

aiding the querying carrier. If the querying carrier is not interested in the increased aid, that is the carrier's decision.<sup>140</sup>

Thus, U S WEST is not willing to indemnify carriers who provide us with calling-/called-number information or to assume liability in those circumstances in which the information is provided and the LIDB returns an improper response. We would

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<sup>139</sup>(...continued)  
calling/called number ought not necessarily be left up to the singular business decision of each carrier. U S WEST, however, does not have the current business decision to mandate the provisioning of this information, preferring rather to allow a market resolution of the matter.

<sup>140</sup>Sprint suggests that carriers should be compelled to provide this information, and if they do not should be required to both absorb the loss associated with any specific call and to reimburse other carriers for subsequent losses associated with their failure to provide the information. See Sprint at 19. Compare PaPUC at 12, (emphasis added) (non-querying transport provider "should be liable for any damage resulting from credit card fraud.").

As U S WEST indicated in our opening comments, we currently do not have the capability to correlate each LIDB query with its correspondent customer call. See U S WEST at 22-23 & n.33. Thus, for the moment, we would not have the capability, necessarily, to "prove" that an IXC/OSP did/did not query our LIDB. We will, however, have such a capability in the future. Thus, it is possible that a type of "charge back" could be done in the event that a specific IXC/OSP did not query LIDB before processing a call and the call was later alleged to be fraudulent.

We would not have the capability, however, (nor do we think anyone would or that it could be easily administered) to "charge" a non-querying IXC/OSP for "consequential" fraudulent calls, validated as a result of the "non-query." Causation would be impossible to prove. For some IXC, one more query would have rendered the call unprocessable; for another, it would have required 10 more queries to reach that threshold. For this reason, we believe the latter part of Sprint's suggestion is unmanageable and should not be adopted.



continue to assert our limitation of liability in those circumstances where an incorrect response was alleged or even proven.

Of course, if the Commission adopts some kind of mandatory obligation for IXCs/OSPs to query LIDB, the equation might change somewhat. Certainly, the informative/preventative potentialities of the LIDB would be correspondingly increased. Theoretically, all querying carriers would benefit from that state of affairs, insofar as fraud prevention is concerned. However, U S WEST would still be unwilling to "insure" the accuracy of the LIDB response, at the current price, although we remain willing to assume responsibility for gross negligence.

- D. Rather Than Manipulate LECs Existing Limitations of Liability with Regard to LIDB, the Commission Should Encourage Closer Cooperation and Coordination Between LECs/IXCs in the Matter of Fraud Detection and Prevention - U S WEST Can Bear Witness to the Efficacy of Such a Process

1. LEC Limitations of Liability Regarding LIDB

While U S WEST does not believe that the Commission should interfere with LECs' existing limitations of liability with regard to the operation of LIDB (now or in the future, if additional information is provided by carriers), any consideration of changing the existing model requires that particular attention be paid to two things. First, it would be necessary to determine who is responsible to the "harmed"

carrier. Second, it would be necessary to determine the "amount" of liability.

When a LEC calling card is validated in a LIDB, the LEC receives certain compensation for the LIDB query. But that LEC does not necessarily receive any corresponding access revenue. That depends on where the call is actually taking place in terms of transport. For example, in April of 1992, as a result of a "fraud review" U S WEST conducted with one of our IXC customers, it was determined that from a universe of "improperly validated calls," (a characterization that U S WEST did not accept or dispute, but simply permitted to be made for purposes of discussion), 741 of the call minutes were within U S WEST's region, while 19,000 call minutes generated access outside of U S WEST's territory. Thus, U S WEST received no "direct benefit" from access revenue; and it would have been in no position to have "credited" such access charges.<sup>141</sup> For the Commission to "compensate" an IXC for its losses, then, would require a fairly complicated (and administratively burdensome) process: There would have to be some kind of mechanism in place for a crediting of the LIDB query charge (from the LIDB

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<sup>141</sup>This provides further support to U S WEST's position that LECs are not intentionally cavalier about the administration or operation of the LIDB, contrary to the allegations of some that a LEC's assurance of LIDB query charges and access revenues deprives them of an economic incentive to make LIDB as accurate as possible. See, e.g., TFS at 13-14; MCI at 14.

validator) and a corresponding mechanism for a credit of the access charge.<sup>142</sup>

2. "Fraud Reviews" Between LECs/IXCs Can Produce a Greater Level of Fraud Detection and Prevention Than Manipulating LEC Limitations of Liability - Such Reviews Are Frank and Allow Carriers to be Both Responsive to the Market and to Assess the Best "Place" for Fraud Detection

Over the past three years or so, U S WEST has engaged in "fraud reviews" with those carriers who have requested them. Such reviews can be conducted at any time, but are generally done at least once a year. With certain of our IXC's, U S WEST conducts such reviews monthly. During the course of such reviews, U S WEST advises IXC's frankly, and in detail, the kinds of things that U S WEST can do to aid IXC's in the matter of fraud detection and prevention. Areas such as fraud referral response time, investigation procedures, IXC and LEC fraud "methods" are discussed.

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<sup>142</sup>This could be imagined in one of two ways: the LEC that billed the access charge would credit the IXC and the "offending" LEC would then credit the LEC first having assessed the access charge; or the "offending" LEC would simply reimburse the IXC for the out of pocket access charges. Both would require a fairly significant amount of "processing" time, both to establish the process in the first instance, as well as to maintain its operation over time.

U S WEST disagrees with AT&T and MCI that a LEC should be liable to an IXC/OSP for the retail tariff value of the completed fraudulent call. See AT&T at 34; MCI at 14. The most that a LEC should be responsible for is the IXC's "out of pocket" damages. To require a LEC to be responsible for the retail tariffed charge of the call would require a LEC to be responsible for the IXC's "consequential" damage, something even AT&T argues a LEC should not have to bear responsibility for. See AT&T at 28 n.40.

In these reviews, not only are current capabilities and activities discussed, but we assess the needs of our IXC customers to determine what kinds of additional features/functionalities might be appropriate in the future. During the course of such conversations, matters such as cost/benefit are discussed (i.e., whether it makes more sense for U S WEST -- as the LEC -- to create a certain capability, or whether it makes more sense for the IXC to do so (based on either its network configuration or the market activity of other IXCs)). These kinds of frank "hands-on" discussions have done more in the area of cooperative fraud detection and prevention work than a formal compulsive Commission "rule" regarding responsibility or liability could be expected to do; and certainly work better than unsubstantiated finger pointing in formal Commission proceedings.<sup>143</sup> The Commission should encourage this kind of

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<sup>143</sup>TFS makes the representation that "in many cases, LEC business practices expose IXCs to unnecessary toll fraud risks" (TFS at 3) and that LECs should be held responsible for "poor LIDB administration" (id. at ii, 13). In support of these complaints, TFS mentions a handful of LIDB problems/failures. After reviewing TFS' allegations, U S WEST can find no complaints that would be pertinent to us.

Similarly, MCI makes the claim that some LECs are uncooperative with regard to the use of Dialed Number Recorders and the information gleaned from them, as well as imposing an unwarranted price for the service. See MCI at 17. Again, U S WEST has had no complaints from MCI in this area (who has not purchased this service from U S WEST in several years). We believe that both our practices and prices are appropriate.

However, these kinds of unsubstantiated allegations do little to advance a meaningful analysis of the issues, especially when considered within the context of the volume of LIDB queries handled by LECs. If anything, the fact that TFS and MCI

(continued...)

cooperative endeavor and should forego, at least at this time, any manipulation of LEC limitations of liability with regard to LIDB performance or other LEC fraud detection or prevention initiatives.

VI. IT APPEARS APPROPRIATE TO APPOINT OR SANCTION SOME KIND OF FEDERAL ADVISORY COMMITTEE TO CONTINUE THE IMPORTANT WORK ASSOCIATED WITH FRAUD PREVENTION, ESPECIALLY AS NEW TECHNOLOGIES WILL UNDOUBTEDLY PRESENT THEIR OWN KIND OF FRAUD RISKS

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While U S WEST was not an advocate of a Federal Advisory Committee in our opening comments,<sup>144</sup> a number of commenting parties urge the Commission to establish such an organization.<sup>145</sup> While we are still uncertain that an additional fraud prevention organization needs to be created, we are certain that some organization should be anointed as "official" by the Commission. The comments in this proceeding indicate that more fraud prevention work needs to be done, that increased Commission representation would be helpful in that

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<sup>143</sup>(...continued)  
apparently have in mind specifically-identifiable instances in which they believe IXCs were treated (are being treated) inappropriately makes clear that the complaint process, rather than a total reallocation of fraud liability vis-a-vis LECs/IXCs, would be the more appropriate avenue of dispute resolution recourse. Compare Sprint at 9.

<sup>144</sup>See U S WEST at 13 n.20.

<sup>145</sup>See, e.g., APCC at i, 3-4; Bell Atlantic at 2; BellSouth at ii, 2; City of New York at 3-4; Cleartel/NorthWest at 2; CompTel at 1; ICA at 1, 5-6 (two years); Joint Commentors at 13-14; LinkUSA at 5; NATA at 1, 9-10; NJPA at 3; SCOIR at 2-3; SNET at 2 (limited duration); UTC at 3; Vanguard at i, 1, 2, 3-5.

work,<sup>146</sup> and that the best place to resolve both the technical matters associated with fraud prevention technology as well as the matters of entity responsibility are through the processes and procedures of an organization whose primary responsibility is to attend to the matter. U S WEST encourages the Commission to officially sanction one of the existing organizations, preferably the Telecommunications Fraud Prevention Committee ("TFPC"), to assume such obligation.<sup>147</sup>

U S WEST is confident that more meaningful fraud prevention work can take place in such a committee than through official Commission rules. The comments filed in this proceeding demonstrate that there is extensive, and ongoing, work being done by manufacturers, vendors and carriers in the matter of fraud prevention; that these commercial entities do not take the matter of fraud prevention casually or cavalierly; that (as U S WEST predicted in our opening comments) customer interest in fraud

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<sup>146</sup>See, e.g., APCC at i, 4; AT&T at 36; SNET at 2.

<sup>147</sup>As Sprint discusses, a change in the TFPC by-laws might be necessary to allow for full participation by all interested parties, but this should not present an insurmountable obstacle. See Sprint at 3 & n.1. APCC objects to the TFPC being chosen as an official advisory group due to its current confidentiality rules. See APCC at 3. U S WEST does not see the use of such rules as being an impedance to fraud prevention or industry cooperation. Indeed, as suggested by USIN at iii, 3, 8, confidentiality is an important part of fraud prevention activity.

prevention will both drive market offerings and find market resolution.<sup>148</sup>

A standing committee, devoted to fraud prevention, operating under the auspices of Commission authority, is the best way to resolve as-yet-unresolved matters pertaining to fraud prevention and responsibility. Formal rules, which by their nature are general, yet are sought to be applied on a fact-specific basis, are not. We encourage the Commission to forego the adoption of formal rules and to seek industry advice and counsel with regard to fraud prevention best practices, both as a matter of technology and policy.<sup>149</sup>

## VII. CONCLUSION

Based on the record before the Commission, it is clear that the Commission need not exercise any kind of formal regulatory authority with regard to telecommunications fraud prevention or liability. The record demonstrates that those costs are currently properly allocated in a manner that places fraud detection and prevention on the entities in the best position to prevent the fraud, in the first instance, i.e., the CPE owners. Despite shrill claims to the contrary, it remains the case that

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<sup>148</sup>See U S WEST at iv, 3, 8-9, 52. See also AT&T at 12-13, 14, 17; BellSouth at 5-6 (fraud prevention services provide a type of competitive differentiation); CompTel at 6; Ericsson at 3; FPTA at 13; Hewlett-Packard passim; ICA at 11, 12; LinkUSA at 2-4; NTCA at 2; Pacific at 22; Proctor passim; Quantum Logic passim; Rochester at iii, 2-3, 6; TCG at 6; TFS at 6-7; TRA at 5-6; USIN at 7-8; WilTel at 5-7; Xiox passim.

<sup>149</sup>See, e.g., AT&T at 36; SNET at 2.

the purchase and placement decisions regarding CPE (i.e., the two most critical decisions associated with the occurrence of fraud from CPE) are in the control of the CPE owner.

There is no question but that there is a "cost" associated with CPE fraud -- either an upfront cost of prevention or a possible after the fact liability cost. A business should be able to determine for itself how this risk allocation is to be managed. But, once the decision is made (either to purchase CPE with less robust fraud prevention capabilities or to enter a business where the potentiality of fraud is one of the identifiable and predictable cost items), the CPE owner should not be protected from its own choice by a regulatory agency acting in a parens patriae capacity. And, in those situations where fraud occurs due the fault or inattention of no party, the liability for fraud should -- as a matter of general risk allocation and management -- append to the entity in the position generally to secure the business reward, i.e., the business operator.

Carriers limitations of liability need not be disturbed to "attack" the problem of telecommunications fraud. The record before the Commission does not demonstrate that such provisions are being used in an overreaching or unconscionable manner. Rather, they are being used in the same manner that other commercial enterprises (including CPE manufacturers) use them: to prevent against increased costs that the commercial entity cannot bear when offering service at a desired price.



Furthermore, manipulation of such limitations of liability would undoubtedly send incorrect signals to the market regarding the "true" cost of fraud and the respective responsibilities for its prevention.

Nor is there any need to disturb the existing prevention/liability equation with regard to IXCs/OSPs and LECs, insofar as LIDB offerings are concerned. The record demonstrates that the LECs' LIDBs are responding to market pressures and will be undertaking additional fraud-prevention enhancements during the course of 1994.

The record also demonstrates that the ultimate maximization of LIDB as a fraud-prevention offering depends as much on the actions of the IXCs/OSPs as on the LECs. If IXCs/OSPs do not query LIDB, critical information is not secured by the IXC/OSP and critical input is, concomitantly, not conveyed to the LIDB operator.

Even if the current situation were changed, however, (e.g., some kind of mandatory LIDB query requirement), LECs should not be required to assume greater liability for LIDB errors or validations than they choose to do as a matter of business prerogative and market responsiveness. Assumption of greater LEC liability will only drive the price of the LIDB service up, and will remove incentives from those accepting LEC calling cards to manage the acceptance of those cards in the way most suited to their business operations.

Idiosyncratic IXC/OSP complaints about the operation and performance of LIDB are best resolved between the complaining IXC/OSP and the LEC operator. Systemic problems and overall fraud prevention activities are better coordinated through other fora. The Commission should encourage the continuous engagement of IXCs/OSPs and LECs in periodic fraud reviews and industry consultations. Greater collaboration between LECs and IXCs/OPSS would undoubtedly result in a greater fraud prevention return than mandatory regulatory action.

All told, this proceeding has demonstrated that the current risk allocation/management paradigm associated with telecommunications fraud is most economically and technologically efficient as it currently exists. It reflects both the proper legal and market resolution of the various aspects of fraud prevention and liability. It should not be disturbed.

Respectfully submitted,

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February 10, 1994

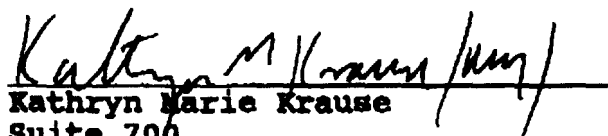
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Respectfully submitted,

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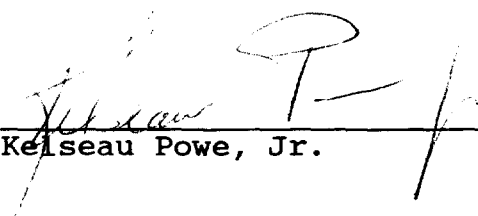
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February 10, 1994

**CERTIFICATE OF SERVICE**

I, Kelseau Powe, Jr., do hereby certify that on this 10th day of February, 1994, I have caused a copy of the foregoing **REPLY COMMENTS OF U S WEST COMMUNICATIONS, INC.**, to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.

  
Kelseau Powe, Jr.

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